

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency

P.O. Box 2415

Washington, DC 20013-2415

Notice FC-62

For: State and County Offices

Farm Assessment on FSA Direct Loan Borrowers

Approved by: Acting Deputy Administrator, Farm Credit Programs

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1 Overview

**A
Background**

Assessing a prospective or existing borrower's operation is the key to effective supervised credit. It is the foundation upon which to base planning, credit and management counseling, loan controls, on-farm oversight, borrower training, and all other needed supervision. Thorough assessments can be the most valuable tool to avoid delinquency, and ultimately, financial failure.

FmHA Instruction 1924-B, Section 1924.55, states that assessments are performed on all direct loan applicants, while existing borrowers will normally receive an assessment when a year-end analysis is scheduled.

**B
Purpose**

This notice:

- describes the phase-in period for existing borrowers under the new farm assessment process
- allows Ag Credit Managers sufficient time to focus efforts toward individualized credit counseling and supervision.

**C
Contact**

Direct questions to LMD or LSPMD, through the Area Office.

Disposal Date

July 1, 1997

Distribution

State Offices; State Offices relay to County Offices

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2 Action

A Priority Order for Completing an Assessment

Complete an initial assessment on all active borrowers over the next 3 production years, or no later than December 31, 1999, in the following order of priority:

- when a new or subsequent loan is requested
 - when restructuring is requested under FmHA Instruction 1951-S
 - when a year-end analysis is conducted with a borrower who is continuing with the agency
 - all other active borrowers.
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B When an Assessment Is Not Required

An assessment is not required for:

- delinquent and nonmonetary default borrowers who have been determined ineligible for primary loan servicing under FmHA Instruction 1951-S, who are voluntarily liquidating, or who have a debt settlement offer pending
 - borrowers flagged ACL, FAP, CAP, BAP, or SAA
 - judgment accounts
 - collection only borrowers.
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C State Office Actions

State Office shall:

- monitor the progress and assist in efforts to complete assessments
 - ensure that resources are available to complete timely assessments on applicable farm credit program cases.
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